# Offering Memorandum Compliance Checklist

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Use this checklist when preparing your offering memorandum, before accepting subscriptions, and when preparing amendments. This checklist consolidates requirements from Form 45-106F2 and common deficiencies identified by regulators.

## Preliminary Steps

- ☐ Confirmed which form is required (Form 45-106F2 for most issuers; Form 45-106F3 if listed on the CSE or TSX/TSX-V).
- ☐ Downloaded current version of form from securities regulator website.
- ☐ Discussed timeline and requirements with auditor.
- ☐ Identified individual responsible for compliance monitoring.
- ☐ Budgeted for legal and accounting review.

## Form and Structure

- ☐ Using correct form (Form 45-106F2 or F3).
- ☐ All required items included in prescribed order.
- ☐ No sections marked "not applicable" without proper justification.
- ☐ Cover page includes all required legends and information.
- ☐ Date on cover page is accurate.
- ☐ Document written in plain, clear language.

## Item 1: Funds

## Available Funds Table

- ☐ Minimum and maximum offering amounts disclosed.
- ☐ Amounts previously raised under offering memorandum disclosed (if applicable).
- ☐ Commissions and offering costs accurately disclosed in table (not stated as zero if costs exist).
- ☐ "Additional sources of funding" includes only currently arranged funding (not speculative future financings).

- ☐ Working capital deficiency properly included (if applicable).
- ☐ Available funds calculation is mathematically accurate.

## Use of Available Funds Table

- ☐ Detailed breakdown provided (not generic descriptions).
- ☐ Interest payments and distributions included if no other cash flow sources available.
- ☐ All payments to related parties specifically identified.
- ☐ Capital costs, general and administrative costs, and working capital adequately detailed.
- ☐ Use of funds consistent with business description and development plan.

## Item 2: Business of the Issuer

- ☐ Business description is detailed and specific (not generic).
- ☐ Development of business described with milestones.
- ☐ Current competition specifically described.
- ☐ Prospective competition discussed.
- ☐ Alternative or competing technologies addressed.
- ☐ Resources needed for R&D disclosed (if applicable).
- ☐ Organizational chart included if structure is complex.
- ☐ Subsidiary-level disclosure included when subsidiaries will conduct main business.
- ☐ Material agreements summarized with key terms (not just attached or referenced).

## Item 3: Management and Compensation

- ☐ Compensation table completed with actual amounts disclosed in table (not just footnotes).
- ☐ Compensation to professional corporations and holding companies included.
- ☐ All forms of compensation disclosed (salary, fees, equity, benefits, deferred).
- ☐ Management experience descriptions are specific with actual job titles and companies.
- ☐ Experience descriptions explain relevance to current role.

## Items 4-11: Structure, Securities, and Rights

- ☐ Capital structure clearly described (Item 4).
- ☐ Terms of securities offered clearly disclosed (Item 5).
- ☐ Purchaser withdrawal rights and statutory rights disclosed (Item 6).

- ☐ All other material facts disclosed (Item 7).
- ☐ All material risk factors identified and disclosed (Item 8).
- ☐ Reporting obligations accurately disclosed (Item 9).
- ☐ Resale restrictions clearly disclosed (Item 10).

## Item 12: Financial Statements

- ☐ All financial statements prepared in accordance with IFRS (Canadian GAAP for publicly accountable enterprises).
- ☐ NOT using private enterprise GAAP for company financial statements.
- ☐ All required statements included: financial position, comprehensive income, changes in equity, cash flows.
- ☐ Comparative periods and complete notes included.
- ☐ Annual statements are audited with unmodified opinion.
- ☐ Audit report complies with Canadian auditing standards.
- ☐ No inappropriate "may not be appropriate" language in any Notice to Reader.
- ☐ Interim financial statements included when required (OM dated more than 120 days after year-end).

## Other Critical Requirements

- ☐ No material forward-looking information shared with prospects unless included in offering memorandum.
- ☐ Forward-looking information complies with NI 51-102 requirements (if included).
- ☐ All marketing materials consistent with offering memorandum disclosure.
- ☐ Risk factors comprehensive and specific (not generic).

## Filing and Distribution Procedures

- ☐ System in place to file offering memorandum within 10 days of first distribution.
- ☐ Calendar reminders set for filing deadline.
- ☐ Process established to identify material changes requiring amendment.
- ☐ Calendar reminders set for financial statement amendment deadlines.
- ☐ All distribution participants instructed not to use outdated offering memoranda.
- ☐ Clear procedure to halt distributions when material change occurs.

## Final Review

- ☐ Securities lawyer reviewed complete offering memorandum.
- ☐ Accountant reviewed financial statements and use of funds disclosure.
- ☐ Someone unfamiliar with business read offering memorandum for clarity.
- ☐ All cross-references verified for accuracy.
- ☐ Proofread for typographical and formatting errors.
- ☐ Overall impression is professional, balanced, and credible.
- ☐ If in Saskatchewan or New Brunswick, considered pre-filing review program.

## Item 13: Certificate

- ☐ Certificate in prescribed form with all required signatures.
- ☐ Certificate properly dated (same date as signing and cover page).
- ☐ Certificate dated on or after audit report date.
- ☐ Certificate not back-dated.
- ☐ Certificate placed at end of offering memorandum (after all other content).
- ☐ All signatories reviewed complete offering memorandum before signing.

# Additional Requirements for Specialized Issuers

Certain issuers face additional disclosure requirements beyond the standard Form 45-106F2 or F3 requirements. If your business falls into one of these categories, consult with qualified advisors to ensure compliance with all applicable requirements.

## Mining Issuers

Mining development and exploration companies must comply with National Instrument 43-101 Standards of Disclosure for Mineral Projects:

- ☐ Form 43-101 technical report filed as required by subsection 4.2(1)(d) of NI 43-101 to support scientific or technical information describing mineral projects.
- ☐ Technical report prepared by qualified person as defined in NI 43-101.
- ☐ All disclosure about mineral properties complies with NI 43-101 requirements.
- ☐ Technical report filed with first Form 45-106F1 exempt distribution report.

## Oil and Gas Issuers

Oil and gas companies must ensure all disclosure about oil and gas activities conforms to National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities:

- ☐ All oil and gas disclosure prepared in accordance with NI 51-101.
- ☐ Reserve and resource estimates comply with prescribed standards.
- ☐ Qualified reserves evaluator or auditor involved as required.

## Real Estate Activities (Schedule 1 of Form 45-106F2)

If the issuer is engaged in real estate activities, Schedule 1 of Form 45-106F2 requires additional disclosure:

- ☐ Business objectives completed in accordance with Schedule 1
- ☐ Property details disclosed: location, size, current and proposed use
- ☐ Purchase price and date of acquisition disclosed
- ☐ Tax and assessment information provided
- ☐ Aggregate acquisition cost disclosed
- ☐ Mortgage and lien details provided
- ☐ Title details and registered owners disclosed
- ☐ Appraisals disclosed if property acquired within 2 years or if issuer intends to acquire property with proceeds
- ☐ Development plans and permits disclosed

- ☐ Environmental matters disclosed
- ☐ Note: British Columbia has forms for certain real estate securities (BC Form 45-512F)

## Collective Investment Vehicle (Schedule 2 of Form 45-106F2)

If the issuer is a collective investment vehicle, Schedule 2 of Form 45-106F2 requires additional disclosure:

- ☐ Investment objectives and strategy disclosed in accordance with Schedule 2
- ☐ Investment restrictions and practices disclosed
- ☐ Fees and expenses disclosed: management fees, performance fees, operating expenses
- ☐ Dealer compensation disclosed
- ☐ Conflicts of interest disclosed
- ☐ Reporting to security holders disclosed
- ☐ Fund governance information disclosed
- ☐ Redemption or retraction rights disclosed (if any)
- ☐ Income tax considerations disclosed
- ☐ Note: Investment fund eligibility for offering memorandum exemption varies by jurisdiction. In some provinces, only non-redeemable investment funds and reporting issuer mutual funds may use the exemption.

**Important:** This list highlights common specialized requirements but is not exhaustive. Always consult with qualified legal and technical advisors familiar with your specific industry requirements.